

WORKER'S DISABILITY COMPENSATION ACT OF 1969 (EXCERPT)
Act 317 of 1969

418.702 Cessation of operation or dissolution of certain authorities, municipal councils, or municipal corporations with contract to provide transportation services; payment of claims; determination of amount; processing of claims; compensation for services; assignment of carrier; duties; conditions; lien; use of state funds for payment of private obligations.

Sec. 702. (1) If the suburban mobility authority regional transportation authority created pursuant to the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, as amended, being sections 124.401 to 124.426 of the Michigan Compiled Laws, an authority created by interlocal agreement pursuant to the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, an authority created pursuant to the public transportation authority act, Act No. 196 of the Public Acts of 1986, being sections 124.451 to 124.479 of the Michigan Compiled Laws, a metropolitan council established pursuant to the metropolitan council act, Act No. 292 of the Public Acts of 1989, being sections 124.651 to 124.685 of the Michigan Compiled Laws, an authority or a municipal corporation that has entered into an intergovernmental contract to provide transportation services pursuant to Act No. 35 of the Public Acts of 1951, being sections 124.1 to 124.13 of the Michigan Compiled Laws, or Act No. 55 of the Public Acts of 1963, being sections 124.351 to 124.359 of the Michigan Compiled Laws, or an authority created pursuant to Act No. 55 of the Public Acts of 1963, as amended, being sections 124.351 to 124.359 of the Michigan Compiled Laws, ceases to operate or is dissolved, and a successor agency is not created to assume its assets, liabilities, and perform its functions, and if the authority is authorized to secure the payment of compensation under section 611(1)(a), then the state hereby guarantees the payment of claims for benefits arising under this act against the authority. Payment of claims by the state under this section shall be made from the general fund.

(2) Except as otherwise provided in subsection (3), the accident fund shall determine in detail as the director of the department of management and budget may require the amount necessary to pay the claims for benefits for which the state is responsible pursuant to subsection (1). The accident fund shall be responsible for the processing of these claims and shall be compensated for its services in the same manner as a carrier is compensated for processing the claims of state employees.

(3) The Michigan worker's compensation placement facility shall randomly assign a carrier licensed to write worker's disability compensation insurance to determine in detail as the director of the department of management and budget may require the amount necessary to pay the claims for benefits for which the state is responsible pursuant to subsection (1). The carrier so assigned shall be responsible for the processing of these claims and shall be compensated for its services in the same manner as for processing the claims of state employees. This subsection shall not take effect unless the state administrative board certifies in writing to the secretary of state by December 31, 1994 that an agreement for the transfer of all or substantially all of the assets and the assumption of all or substantially all of the liabilities of the state accident fund has been consummated with a permitted transferee pursuant to the requirements of section 701a of the worker's disability compensation act of 1969, Act No. 317 of the Public Acts of 1969, being section 418.701a of the Michigan Compiled Laws. If the state administrative board certifies in writing to the secretary of state by December 31, 1994 that an agreement for the transfer of all or substantially all of the assets and the assumption of all or substantially all of the liabilities of the state accident fund has been consummated with a permitted transferee, then this subsection shall apply and subsection (2) shall not apply.

(4) The state shall be entitled to a lien which shall take precedence over all other liens on its portion of the assets of the authority in satisfaction of the payment of claims for benefits under this section.

(5) This section shall not be construed to permit the use of state funds for the payment of private obligations. Therefore, if an authority created pursuant to Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.426 of the Michigan Compiled Laws, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, Act No. 196 of the Public Acts of 1986, being sections 124.451 to 124.479 of the Michigan Compiled Laws, a metropolitan council established pursuant to Act No. 292 of the Public Acts of 1989, being sections 124.651 to 124.685 of the Michigan Compiled Laws, an authority or a municipal corporation that has entered into an intergovernmental contract to provide transportation services pursuant to Act No. 35 of the Public Acts of 1951, being sections 124.1 to 124.13 of the Michigan Compiled Laws, or Act No. 55 of the Public Acts of 1963, being sections 124.351 to 124.359 of the Michigan Compiled Laws, delegates to a private employer or contracts with a private employer for the performance of any of the functions permitted under its enabling statute, the director shall not permit the private employer performing these functions to be included under the

authorization granted by the director to the authority or other agency to self-insure pursuant to section 611(1)(a).

History: Add. 1978, Act 480, Eff. Mar. 30, 1979;—Am. 1980, Act 387, Imd. Eff. Jan. 6, 1981;—Am. 1990, Act 282, Imd. Eff. Dec. 14, 1990;—Am. 1993, Act 198, Eff. Apr. 1, 1994;—Am. 1993, Act 223, Imd. Eff. Nov. 1, 1993.

Compiler's note: Section 3 of Act 198 of 1993 provides as follows:

Except as provided in subsection (2), this amendatory act shall not take effect unless the state administrative board certifies in writing to the secretary of state by December 31, 1994 that an agreement for the transfer of all or substantially all of the assets and the assumption of all or substantially all of the liabilities of the state accident fund has been consummated with a permitted transferee pursuant to the requirements of section 701a of the worker's disability compensation act of 1969, Act No. 317 of the Public Acts of 1969, being section 418.701a of the Michigan Compiled Laws, as added by this amendatory act.

Sections 700 and 701a as added by this amendatory act shall take effect upon the date of enactment of this amendatory act.”

Popular name: Act 317